

Medicaid Cuts Are Bad Medicine

Medicaid Is a Boon to Texas's Economy

In 2005, Texas will spend just over \$18 billion on Medicaid. Of this, the federal government will contribute nearly \$11 billion.¹ This \$18 billion dollar investment will give Texas's economy a shot in the arm—stimulating state business activity and creating new jobs. Because Medicaid spending has an economic multiplier effect, each \$1 million that Texas invests in Medicaid results in more than \$3.6 million in new business activity and more than 33 newly created jobs.²

Medicaid Is Essential to Texas's Health Care Infrastructure

A substantial portion of Texas's health care industry relies on Medicaid spending. Hospitals, nursing homes, and community health centers all depend on the Medicaid funds flowing into them to keep their doors open. In 2002, Medicaid payments for inpatient hospital services alone infused Texas's hospital system with more than \$1.7 billion.³ In addition, Medicaid is the primary payer for 71 percent of Texas's certified nursing facility residents.⁴ Any cut in Medicaid funding will have a profound effect on the economic viability of Texas's health care system.

Medicaid Offers a Helping Hand to Texas's Most Vulnerable

In Texas, Medicaid provided essential health services to just over 2.7 million people in 2000. Of these, more than 1.5 million were children, nearly 343,000 were people with disabilities, and just over 363,000 were elderly.⁵ For those in rural Texas, particularly the elderly, Medicaid provides access to health care that they might otherwise have to go without. Children, people with disabilities, and the elderly—these are Texas's most vulnerable groups. Ensuring that they have access to health care is the right thing to do.

Medicaid Provides Help in Desperate Times

Medicaid is essential to the security of Texas and the United States as a whole. In times of need, Medicaid provides a cushion to protect both citizens and the economy. Medicaid is ready to respond to any sort of event—a terrorist attack, economic downturn, natural disaster, or public health catastrophe—that increases the need for health services and disrupts the economy. In the days and weeks following September 11, 2001, Disaster Relief Medicaid came to the aid of nearly 350,000 New Yorkers.⁶ Texas's security hangs in the balance—will Medicaid be able to respond to such events in the future?

Medicaid Reduces the Number of Uninsured

Any cut in Medicaid funds will leave many Texans uninsured. In 2003, the Administration proposed cuts that would have resulted in thousands of Texans and other Americans losing coverage and becoming uninsured. The nation's Governors—from both parties—voiced such strong opposition that the proposal was shelved.

Endnotes

¹ U.S. Department of Health and Human Services, FY 2005 CMS-37 summary table of Medicaid and SCHIP budget estimates, February 2004 submission.

² Rachel Klein, Kathleen Stoll, and Adele Bruce, *Medicaid: Good Medicine for State Economies, 2004 Update* (Washington: Families USA, May 2004).

³ Kaiser Family Foundation, State Health Facts Online, "Distribution of Medicaid Spending (Federal and State) on Acute Care, FFY 2002."

⁴ Kaiser Family Foundation, State Health Facts Online, "Percent of Certified Nursing Facility Residents by Primary Payer Source, 2002."

⁵ Kaiser Family Foundation, State Health Facts Online, "Distribution of State Medicaid Enrollees by Enrollment Group, 2000."

⁶ Michael Perry, *New York's Disaster Relief Medicaid: Insights and Implications for Covering Low-Income People* (Washington: Kaiser Commission on Medicaid and the Uninsured and United Hospital Fund, August 2002).